



COMMUNITY SUPPORT AND SERVICES COMMITTEE

Members present:

Ms CP McMillan MP—Chair
Mr SA Bennett MP
Mr MC Berkman MP
Mr JM Krause MP (virtual)
Ms CL Lui MP
Mr RCJ Skelton MP

Staff present:

Mr K Holden—Committee Secretary
Ms C Furlong—Assistant Committee Secretary

PUBLIC BRIEFING—INQUIRY INTO THE RESIDENTIAL TENANCIES AND ROOMING ACCOMMODATION (TENANTS' RIGHTS) AND OTHER LEGISLATION AMENDMENT BILL 2021

TRANSCRIPT OF PROCEEDINGS

MONDAY, 14 JUNE 2021

Brisbane

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The committee met at 11.00 am.

CHAIR: Good morning. I declare open this public briefing for the Community Support and Services Committee's inquiry into the Residential Tenancies and Rooming Accommodation (Tenants' Rights) and Other Legislation Amendment Bill 2021. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past, present and emerging. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander people, whose lands, winds and waters we all share.

On 26 May 2021, the Residential Tenancies and Rooming Accommodation (Tenants' Rights) and Other Legislation Amendment Bill 2021 was referred to this committee for examination, with a reporting date of 26 November 2021. My name is Corrine McMillan, member for Mansfield and chair of the committee. With me here today are Stephen Bennett MP, member for Burnett and deputy chair; Michael Berkman MP, member for Maiwar; Jon Krause MP, member for Scenic Rim, via teleconference; Cynthia Lui MP, member for Cook; and Robert Skelton MP, member for Nicklin.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. The proceedings are being recorded by Hansard and broadcast live on the parliament's website. Media may be present and will be subject to the chair's direction at all times. The media rules endorsed by the committee are available from committee staff if required. All those present today should note that it is possible you might be filmed or photographed during the proceedings by media and images may also appear on the parliament's website or on social media pages. I ask everyone present to turn mobile phones off or to silent mode. Only the committee and invited witnesses may participate in the proceedings. As parliamentary proceedings under the standing orders, any person may be excluded from the hearing at the discretion of the chair or by order of the committee.

The purpose of today is to assist the committee with its examination of the help Residential Tenancies and Rooming Accommodation (Tenants' Rights) and Other Legislation Amendment Bill. I ask that any responses to questions taken on notice today are provided to the committee by 10 am on Monday, 28 June 2021. The program for today has been published on the committee's webpage and there are hard copies available from the committee staff.

MacMAHON, Dr Amy, Member for South Brisbane

CHAIR: I welcome Dr Amy MacMahon MP, member for South Brisbane, the private member who introduced the bill before us today. Dr MacMahon, I invite you to make an opening statement, after which committee members will have some questions for you. We thank you for your submission and we will hand over to you.

Dr MacMahon: Thank you, Chair. Thank you to the committee for the opportunity to provide a briefing on this bill today. Based on the overwhelming volume of positive feedback that we have gotten over the last two weeks since I introduced this bill, these reforms are timely and utterly necessary.

I introduced this bill to improve rights for renters, improve housing affordability and improve access to secure housing for tenants in Queensland. The bill amends the Residential Tenancies and Rooming Accommodation Act and the Police Powers and Responsibilities Act.

Right now, the situation for renters is becoming more and more dire. A year ago, when COVID-19 hit, the government responded quickly by committing to measures to ensure renters were not left out in the cold by the looming economic crisis. Ultimately, many of these measures were heavily modified in light of a campaign by the Real Estate Institute of Queensland, REIQ, and other real estate advocates. As Queensland has started to recover from COVID-19, we have seen how our state's housing market has become increasingly squeezed as investors take advantage of low interest rates and grant schemes like the federal government's HomeBuilder and as our state becomes more attractive to interstate buyers in a world changed by the pandemic. As a result, the housing market

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has become incredibly competitive and the rental system is stretched to its absolute capacity. In Brisbane, vacancy rates are as low as 1.5 per cent. In my electorate they are as low as 1.2 per cent in places like Annerley.

For people on JobSeeker or DSP, there are next to zero affordable rental properties and rents are increasing three times faster than wages. In every major population centre in Queensland, rents have grown faster than the median wage over the last decade. This is, of course, set against a broader housing crisis: 47,000 people waiting for social housing, with some waiting for years; rising levels of housing stress among people paying a mortgage; critical levels of housing debt; and rising numbers of people who are homeless, most notably the growing rates among women over 50. Of course, many of these issues are outside of the scope of this bill, but transforming our rental system is a crucial part of tackling the housing crisis here in Queensland.

Renting in Queensland is not uncommon or just temporary. For me and many of the 1.8 million Queenslanders who rent, it is our only option. In my electorate, nearly 60 per cent of households are renters. Across the state, 36 per cent of households are renters, making renting the largest group in Queensland in terms of housing tenure. Despite this, our tax system makes it easier for you to buy your fourth property than your first, and our rental system puts tenants through undue and at times extreme stress.

We have heard hundreds of stories from renters who are in financial stress, living in poor quality homes, enduring harassment and intimidation by landlords and real estate agents, invasions of privacy, illness and injury. I will share this story from a young woman in my electorate. She said—

My housemates and I were declined from over 20 houses because two of us were receiving Centrelink payments while we were studying. When we asked why we were being knocked back, a real estate agent said we would not be able to mow the lawn because we were women. Another said they hiked up the rent by \$10 every year despite never doing any needed maintenance on the property with issues like the kitchen tap being broken, shower leaking, vent covers duct-taped on, broken hinges on cupboards, dangerous faulty ceiling fans that sparked when turned on, and non-functioning air conditioning units, stoves and dishwasher repeatedly brushed off and ignored the entire time I lived there.

I heard a story from a woman who now has severe allergies after moving into a house with a severe rat infestation, and a woman who has developed Chronic Inflammatory Response Syndrome, CIRS, from living with mould. One young woman wrote to me about living in a house with major plumbing issues, saying—

The power landlords hold over your lives and your health is terrifying. I felt so powerless knowing that somebody, whose mortgage I was paying off, could kick me out of my home the second I complained about the conditions, so we dealt with it as we could until the day that we didn't feel safe anymore. I was worried the ceiling would cave in and someone would get hurt. People just want to feel safe in their homes.

When I was elected to parliament last year I was in a share house where my ceiling light in the bedroom had been broken for months. Despite alerting the landlord, I relied on a lamp for many months.

We heard stories about people being walked in on while sleeping or in the shower by landlords and real estate agents. My office has heard dozens of stories just in recent weeks about people putting in 20 or more applications for rental properties, up against people who are willing to pay more rent or pay lump sums of rent up-front. We heard stories about racial discrimination, intimidation and bullying by landlords and real estate agents and people injured in unmaintained homes.

Our current rental laws embed inequality in Queensland, creating a growing gap between landlords and investors who have significant housing wealth and renters who have no housing wealth. Renters are more likely to be precariously employed, to struggle to pay bills and emergency funds and to have poorer mental and physical health. Those of us who are effectively paying off someone else's mortgage are often treated as second-class citizens.

The response to my bill over the past fortnight from groups like the REIQ and big property investors has been predictably scornful. I have been told that tenants have too many rights and that housing is a privilege, not a right, and that if people do not like it they should just move or just buy a house. The disconnect between this minority and the lives of hundreds of thousands of Queensland renters could not be more stark.

The bill makes a number of critical changes to our rental system to correct the massive power imbalance that currently faces tenants. The bill proposes to bring rent increases in line with inflation and curb arbitrary rent increases which are not justified by improvements to the property and ban property managers and landlords from exempting rental bids. This is crucial. Rents are increasing three times faster than wages. Over a third of Queensland renters are in housing stress, and affordability is one of the biggest issues that renters face.

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The bill would outlaw no-grounds evictions or evictions for sale and create two new grounds to leave: if the owner or relative wants to live in the property for at least a year; or if major renovations would make the property unfit to live in for six weeks. It also increases the minimum notice periods required under various grounds for notice to leave and creates an offence for lessors who issue a notice to leave on false grounds.

The bill also gives renters additional rights to make minor modifications without prior consent and the right to keep a pet. It creates minimum standards relating to things like security and sanitation, including drainage, cleanliness and repair, protection from damp, privacy and security, freedom from vermin infestation, provision of water supply and energy efficiency. It mandates disclosure of relevant information to a tenant before entering into a tenancy. It bans inappropriate or discriminatory questions by lessors and proposes a number of minor changes to improve tenants' privacy, financial security and safety.

I cannot stress enough to the committee how important these reforms are for everyday Queenslanders. Renters for too long have suffered under a rental system that puts someone's capacity to earn passive income off one, two, three or four investment properties ahead of one of our most basic rights—the right to a safe and secure home. The power imbalance between tenants and landlords means that all too often tenants are too scared to assert what limited rights they have and put up with unsafe homes or arbitrary rent increases out of fear of being left homeless. Other states and similar jurisdictions are moving ahead with many of these reforms, and Queensland risks getting left behind. I am looking forward to answering the committee's questions.

CHAIR: Thank you, Dr MacMahon, for your very comprehensive introduction to your bill.

Mr BENNETT: Good morning. Member, while I appreciate the introduction and the bill's intent, I have a question about where the issues have arrived. I take your point about inequity between lessors and tenants. My point is that, for me, it does not seem that a solution will be found in the bill inasmuch as the availability of affordable housing and rental stock in Queensland is another issue completely. Would you like to comment on that?

Dr MacMahon: This bill sits within a broader suite of measures that the government needs to consider to deal with housing affordability and availability in Queensland. What these measures will do is make renting more affordable and more accessible for those people who need it. It will not necessarily increase the supply of rental properties, but it also will not decrease the supply of rental properties. What it means is that those people entering the rental market they are on a much more even playing field in terms of being able to find properties that are affordable. Rent bidding, for example, is a major barrier for people who are on low income who are trying to enter the rental market. This still leaves having an investment property as a very attractive proposal for investors, so it will not reduce the stock, but this needs to happen in conjunction with investment in social housing and other measures to make housing more affordable.

Mr BENNETT: I am not trying to put words in your mouth, but on your assertion that we will not lose availability of stock, I can only point you to regional Queensland, where a lot of people are actually selling their rentals because of the demand and shift in population that we are seeing post COVID. I question your assessment of how that will not happen. For example, where I live, loads of people have been tossed out of rentals because the house has been sold by owner-occupiers. I think this 0.1 per cent availability of rental stock in Wide Bay, for example, is the reality of something else that has occurred, which is this fundamental shift in population.

Dr MacMahon: Definitely. I think when people are selling investment properties either they are selling to someone who will live there, potentially someone who would otherwise be competing in the rental market, or they are selling to another investor and so you are not necessarily changing the number of houses that are available. The other important thing to note is that we do have a very large number of vacant properties still across Queensland. We do not know the exact number, but some estimates put vacant properties in Brisbane at about 20,000 homes. Another measure would be something like a vacancy tax, which is beyond the scope of this bill, but there are other measures to open up the stock that we have that might not be used at the moment.

Mr BENNETT: Can I ask where that statistic came from? I do not know that I have seen too many vacant houses where I live. Is that something that you have read or has been printed?

Dr MacMahon: Yes, that is research looking at census data and water usage. I know in my electorate of South Brisbane there are many vacant apartments. People regularly get in touch with me to say that new apartment blocks are empty.

Mr BENNETT: The apartment blocks in South Brisbane, yes.

CHAIR: I think there were some really good questions there, Deputy Chair. I have a couple of questions following on from the deputy chair. You mentioned vacant apartments in South Brisbane. I am quite intrigued by that. I would be interested to chat to you privately about why you believe that may be so. I am also interested in the main policy drivers from your perspective in regards to the introduction of your bill. There are many economic drivers as well as policy drivers that sit within the responsibility of the federal government. Dr MacMahon, could you talk to the committee about the impact that those policy drivers, both economic and social, may have and their impact on the states in terms of your broader concerns?

Dr MacMahon: Do you mean policies from the federal government and the impact that has at the state level?

CHAIR: Yes. You have raise a lot of issues such as negative gains processes, the provision of housing, tax et cetera. You mentioned a tax around vacancies. We need to be clear about what the responsibilities are for a state government, whether here or elsewhere, versus the economic policy drivers federally that are impacting on the context.

Dr MacMahon: Definitely. There are a whole range of reforms that we need to improve housing affordability in Queensland and a lot of that would come from the federal government around changing the rules that make it much more appealing for people to have many investment properties, which has driven up house prices, making it very difficult for people who are trying to enter the housing market for the first time. I think those are really important measures that we should be advocating for.

On the responsibility of the state with regard to rental properties, we have responsibilities around the quality of homes that people are living in. We have responsibilities around the grounds on which people can be evicted from their homes. One of the key things here is the introduction of measures to manage the cost of rent. This is one of the biggest issues that tenants are facing and that is a tool that the state government has in its capacity to have a big impact upon.

Other states are moving ahead with similar kinds of tools. The ACT has introduced a rent cap that is linked to CPI and we have introduced something similar here as well. What we have at the moment is a system where, as the REIQ put it, rents are just up to the ebb and flow of the market based on the number of homes that are available at any given time. That really is not acceptable for housing, which is a fundamental right. It should not just be up to the ebb and flow of the market as to whether or not you can afford to rent a home. This key measure to introduce rent caps is really a way of managing how often and by how much rents increase so that people have long-term security in their homes and families are able to budget over a long period and have that safety and security for a period.

Also, removing no-grounds evictions is a key issue in terms of people's long-term security in their homes. People are able to be evicted if the house is for sale, they are able to be evicted at the end of a lease for no reason or they can be forced to leave because the rents have increased beyond what they are able to afford. You have those people re-entering the rental market and competing, often with thousands of other people, when they could have been kept safe in their homes.

The other key tool at the state government level is investment in social housing, which is another key driver for availability of homes for people to live in. This is just one aspect of a bigger suite of policy changes but there are a number of things here that are in the capacity of the state government to do.

Mr BERKMAN: Welcome, Dr MacMahon. Congratulations on having taken on such an important issue in your first private member's bill. I am very interested in the issue of rent controls or rent caps as they are variously described. Can you speak to the committee about how your bill addresses the issue of rent controls? By way of background, how are those issues played out in the government's Open Doors to Renting Reform, which I think is the name of the consultation process that went on some years ago now?

Dr MacMahon: We had a range of consultation that fed into putting this bill together, including working with a number of key stakeholders. We also looked in detail at the consultation that the government did a few years ago, which you have referred to. One of the most common bits of feedback that came out of that consultation was around affordability and the stresses that tenants are facing in terms of affordability. Above and beyond any other bit of feedback that came out of that, rental affordability was up there at the top. That report said that tenants feel overwhelmingly dissatisfied and stressed about paying rent they believe is too high. Tenants said that they live in a constant state of fear about rent increases. Many talked about the crippling effects of repeated and unsustainable rent increases. As I have already noted, over one-third of Queensland renters are facing housing stress.

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In relation to the consultation, we have also drawn on lots of stories from renters who have got in touch with us. My office has heard many stories from people who have had to leave their home when the landlord has suddenly increased the rent beyond what they could afford, often with no improvements made to the property. An age pensioner, who lives with his wife and young son, said—

Our rent is \$350 per week. My aged pension is just under \$700 per fortnight. To pay my rent and other bills I fall short of my other expenses. After paying for our commitments we are left with about \$280 to buy food. We need a rent cap on how much landlords can increase the rent. One year with no notice my previous landlord hit me with a \$50 a week increase and the next year he doubled my rent. When I complained I was told, 'If you don't like it, then leave.'

That is what they did. Another young woman said that they hiked up the rent by \$10 every year despite never doing any needed maintenance to the property the entire time that they lived there. You can see that there are some pretty stark issues here.

In the bill we are proposing that rents can only be increased every two years and in line with CPI. For a property that is currently being rented for \$415, which is the Brisbane average for a house, after two years the rent could be increased to \$429.90, which is manageable. It is in line with CPI. It acknowledges that the cost of maintaining and running a house will increase over time. Keeping that at every two years gives tenants and lessors security and certainty. It would stop frequent and arbitrary rent increases, which we hear about so often. It would give tenants the opportunity to budget over long periods. This time period was chosen in consultation with key stakeholders and after feedback from existing tenants.

Rent controls are not unique. We have had rent controls in Australia in the past, between the 1930s and 1950s and in some places up until the 1980s. As I mentioned, rent caps linked to CPI are in place in the ACT and also in parts of Canada. We have also included a provision that, if landlords invest a significant amount of time improving a property or adding additional services, they can apply to the tribunal to increase the rent beyond this cap.

The most important part is ensuring that rental properties are affordable for people who need them. I mentioned before that for someone on JobSeeker or the disability support pension there are next to no affordable properties. For many people in difficult situations there are very few houses that they would be able to afford without going into housing stress, so this is a key tool to make sure that tenants have that security and affordability.

Ms LUI: Thank you, Dr MacMahon, for joining us this morning. You have told some really good insightful stories from tenants, and I acknowledge that. Can you explain about evictions for sale contract by the lessor and if you have heard from tenants regarding that?

Dr MacMahon: Yes. This is a really great question. At the moment lessors have the option to transfer the lease to a new owner. That exists under our current laws. In most cases, landlords will want to sell the house as vacant so tenants will be evicted. Often times those homes are then bought by other investors and put back on the rental market. That is unnecessary. People could have stayed in their homes over that period and had that security. We have heard many stories from people facing the challenges of houses being sold. One woman said to us—

They terminated my lease on the grounds that they wanted to sell it immediately, not even allowing me a rolling lease to give me time to find somewhere else. It is now being advertised for rent at a price of \$110 above what I was paying. In the six weeks since my lease ended it has not been publicly advertised for sale once.

A pensioner said—

We are aged pensioners with a self-employed history and with little super put to survive. We have an impeccable renting record. Our landlord sold our home and our lease was terminated so we started looking. The simple fact is that there is nothing available in our region that we could afford on the aged pension. We dramatically downsized to stay within our community. I fear this is what will happen as a trend of higher rents and no improvements to the pension.

Another young woman wrote to me to say—

We had to move less than one year ago because the house we lived in was sold and now, less than 12 months later, our current rental was sold and we are moving again. Moving is expensive and stressful to do every year, plus a low vacancy rate means it is going to be hard to find a place when in normal times it is hard to find a place with two dogs.

Under the current law, as I mentioned, when a house that is currently being rented gets sold the new owner can take over as the lessor but landlords have the option to evict people. This measure would mean that, as a house is sold, people would be able to stay in their homes and have that security of tenure. If the new owner wants to live in the property, we have put provisions in place for extended notice periods. If someone is coming to live in the house for more than a year, there would be a six-month notice period and then the landlord or their family member would be able to live there.

This is really important because this is something that is happening very often. Houses are being bought and sold very frequently in Queensland, and tenants are just at the whim of when those sales will happen. The other provision we have put in is making sure that, if there are plans to sell a house that are actively in train, that information needs to be disclosed to a tenant before they sign a lease so that they have a good understanding of what might be coming.

Mr BENNETT: I made a comment before about availability of stock in Queensland. Your points about landlords' interaction—yes, I agree there are some things we prefer not to see in the market, but the reason there are incentives is because if people with capacity buy and build rental properties as part of equity and wealth, that has been a way of governments trying to keep up with the ever decreasing amount of social and affordable housing that is released. My question to you is around the minor modifications. Some of the feedback we are getting around that is whether that is a run to the bottom of the potential of outcomes about modifications and pets. People love their pets and there has to be a mechanism for pet inclusion to happen, but I just wonder about the unintended consequences of something so broad. How do we then police these modifications to a dwelling if the landlord, in some cases, does not need to be consulted?

Dr MacMahon: The right for tenants to make minor modifications is really important, given that so many people are renting and renting long term. Having the ability to make a home feel like your own is a really important part of people's wellbeing. Also, people have a greater sense of responsibility and ownership over that home and are likely to be looking after it more so if they are able to create that space as if it is their own. The provisions we have put in place are for people to be able to make minor modifications on both a rental property and rooming accommodation. The types of modifications we have included are picture hooks and nails; furniture anchors, which are really essential for safety, particularly for families with small children; installing shelving; and painting walls. Given that these are minor modifications only, I think it is quite realistic for people to do. Lots of people who have a private rental already have the option to do these things if they talk to their landlord. Really, given that this is your home and you are paying rent, you should be able to move ahead without getting permission. If there is any damage or things that need to be undone, there is already bond in place to amend that. Most importantly, this is about giving people dignity in their own homes.

Similarly for pets, this is a really important part of this bill and one of the major bits of feedback that came out of the Open Doors consultation as well. Again, we have a bond in place if there is any damage, but there is very little evidence to show that pets cause major damage to a home. Often people who are renting with pets are very mindful of the potential damage and are looking after those properties. A lot of these measures give people the capacity to rent long term. Renting long term and not being able to have your pet with you can be very damaging for people's wellbeing. I think these are quite important measures.

Mr BENNETT: I appreciate that. I say from a building perspective—my former career—that I would be very concerned about even allowing someone to paint walls, for example. To repaint an internal house in case the tenants got it wrong, I would suggest, would cost a lot more than what a bond would cover. Consultation and goodwill between a landlord and a tenant I would hope would be a better option—not in all cases; the world is not perfect—but I highlight that I have really deep concerns about it. Imagine putting a shelf on a wall and it is not anchored properly and something falls off that shelf. You can see my point. Thank you for your contribution.

Mr SKELTON: I will keep going with the idea of the pets because that is a specific one that I am interested in because I have a pet. A lot of ex-Defence people and people suffering PTSD have dogs and so forth. You do not give any prescriptive notice. Some people have four dogs. There has to be some sort of balance reached between the tenants and the lessor with regard to pets. What is a reasonable pet for a particular backyard or an apartment and so forth? You could not have a mastiff in a one-bedroom apartment. I know the intent of the bill is good, but the lack of specifics makes it really difficult to manage. Can you add a bit of context in that regard and come to an outcome that suits everybody?

Dr MacMahon: Yes, that is right. As I mentioned, the right to keep a pet was one of the most popular topics that was raised during the government consultation. In this bill, if it were passed, renters would have the right to have a pet unless the lessor had reasonable grounds to object via QCAT. In the examples that you have mentioned, a landlord might look at this and think, 'This animal is too big,' or, 'I'm worried about my garden.' They would go to QCAT to get a resolution.

Looking at some of the data from Victoria, where this has been in place for the last 12 months-plus, there are a very small number of cases that have come to a decision in VCAT, and the majority of those were found in favour of the tenants, so people are making reasonable decisions about what sorts of conditions pets can live in. One of the interesting bits of data that has come out Brisbane

of Victoria is that, in those 12 months, RSPCA Victoria report that the number of animals that have been surrendered has halved, so you can see how this has really allowed people the opportunity to live with their pets. As you mentioned, often there are companion pets for people suffering mental health issues and so on. This is obviously different to support animals, which are already allowed in premises.

I think being able to rent with a pet is really important for a whole range of reasons. There is a lot of evidence around health and wellbeing. For people wishing to flee domestic violence, being able to find a property where you can go with a pet can often be the difference between deciding to leave or stay. I am lucky enough to rent with some pets—I have chickens and a dog—but it should not be up to the goodwill of individual landlords as to whether you can rent with a pet. This makes it the norm, but there is that provision in place that if a landlord thinks this is unreasonable they are able to go through the tribunal process.

Mr BERKMAN: I have a question around minimum standards. You have touched on some of these examples of where tenants are not even able to live with the minimum standards met. Can you describe in any more detail the kinds of issues that currently exist without enforceable minimum standards and how the bill addresses those?

Dr MacMahon: We have heard so many stories from tenants who are living in subpar properties—I have mentioned some of these already—people who are living in properties that are unsafe. There was one young woman who reported that the kitchen sink was not working and she was told to just wash her dishes in the bathroom, which she had to do for months at a time while they did not have a working kitchen sink. Lots of people are dealing with air conditioning units or ceiling fans or ovens that do not work for long periods of time.

People have been injured. In the previous rental property I was in, someone put their foot through the floor at one point. Unsafe balconies is a very common bit of feedback that we get as well. People are dealing with rats and mould and the really serious health implications that come from that as well.

Implementing some minimum standards would mean that renters are able to go into a house and feel confident that that house is safe and secure and that they are not going to be at risk of any of these deficiencies in the property that can have a big impact on people's wellbeing and mental health as well.

As I have already mentioned, some of the minimum standards that we have included are around sanitation, drainage, cleanliness and repair, protection from damp, privacy and security, freedom from vermin infestation, provision of water supply, and energy efficiency. This measure essentially moves the optional standards that are in regulation already and makes them mandatory under the act. I think most of us would recognise that having minimum standards for properties is really important. We would eliminate a whole range of other issues—stress on the healthcare system and on the mental health care system—if people had these minimum standards and landlords were compelled to make sure properties were being properly maintained.

Ms LUI: The explanatory notes briefly outline that the bill was developed on stakeholder and community feedback, and we heard some of the community feedback this morning which you shared. Can you explain the consultation process to the committee including when and how it was conducted, and how and why the specific entities on page 5.1 of the explanatory notes were chosen to provide feedback?

Dr MacMahon: As has been mentioned, this bill was developed in close consultation with the community as well as a number of key stakeholders including Tenants Queensland, Anglicare Australia, the Queensland Council of Social Services and others. These organisations have been at the forefront of supporting Queenslanders who are struggling and have deep insights and analysis into the issues facing our current housing system. Tenants Queensland, for example—and we are joined by Penny Carr here today—have been actively supporting tenants for decades; Anglicare conduct annual research regarding rental affordability nationwide; and QCOSS have been active in advocating for a more just housing system, including more investment in social housing. That consultation has been going on for a number of years now, since we started drafting this bill. Most importantly, though, our consultation also included thousands of tenants with whom my office, my campaign team and I have connected over recent years. I was elected after a huge amount of field campaigning, and when my volunteers and I spoke to thousands of local voters on the issues that matter to them—and many of them were renters—we heard these stories firsthand.

I will also note that after the government's capitulation to the REIQ and the real estate lobby in 2020 it was clear that the majority of my constituents wanted better protections for renters and better housing for the community, and that is feedback we have been getting directly. The bill also drew heavily on the Queensland responses in the government's own Open Doors to Renting Reform consultation which was conducted in late 2018.

Mr BENNETT: One of the things you have raised that is really important to me in particular, and often comes through my office, is the issue of water bills. We will probably do some work ourselves, but it is a real issue when tenants get these bills in large quantities. The argument could be in this bill that the water bills go straight to the tenants as they are the people who use the water, but I want to seek your opinion or advice on how the bill would address the problems of these water bills. You are talking about forwarding them in a timely manner to the tenant?

Dr MacMahon: That is right.

Mr BENNETT: The question is whether we should be changing it. The electricity bill goes straight to the tenant; you have to go and sign up. I think this is the only utility where it can be through a landlord to a tenant, but I may be corrected. It goes further than this. It also goes into our aged-care sector. With manufactured homes and others, you have someone handling your utility costs. Could you elaborate on your thoughts about that part of the bill, please?

Dr MacMahon: We developed this provision after feedback from stakeholders and tenants who, at times, receive many water bills in one go, and then people are suddenly liable for hundreds or thousands of dollars in their water bill which they really struggle to pay. The provision that we have suggested is that the water bills need to be forwarded within a month of them being issued so that tenants have an opportunity to deal with them in a timely manner and are able to budget accordingly, rather than getting them all in one lump sum. There are probably other measures that would achieve the same outcome. I am not sure of the details of how that would work—if the water bills were going directly to the tenants, if the tenants' names were on that water account—but that might be another pathway. What we have suggested is probably the easiest way, just to make sure that landlords are forwarding on those bills and tenants can deal with them accordingly.

Mr BENNETT: With the whole affordability matter, though, maybe it is something where a further amendment might be looked at. Others, I am sure, have looked—I think New South Wales and Victoria have a similar program where you have to sign up to get your water utilities. Anyway, I make a point, but I am glad you have raised it because it is a real issue that does come across our desks from time to time, so thank you for that.

Dr MacMahon: Cheers.

CHAIR: I had a question in relation to exactly that. Could you talk us through some of the legislation that exists around the country? Can you identify the major changes in your bill and just talk about the other states and territories in Australia in terms of how they might manage some of the major issues that you have spoken about?

Dr MacMahon: There are a number of states and other similar jurisdictions around the world where a lot of these measures are being put in place. As I mentioned, ACT have rent caps that are linked to CPI. They are a little bit different to what we are proposing. They have said CPI plus 10 per cent, whereas we have said CPI is reasonable because it properly reflects the increased cost in terms of keeping a house. Parts of Canada also have a CPI linked cap on rent increases.

In Victoria and the ACT, renters have the right to make minor modifications to their property and also the right to own a pet. I mentioned some of the evidence that has come out of Victoria that shows that that is working very well. There is not a major burden on their tribunal system, and actually there have been huge benefits in terms of people not having to surrender their pets and being able to live with their pets.

Down to our south in New Zealand, they have banned no-grounds evictions. A similar proposal is proposed by New South Wales Labor at the moment. I believe there is some work going on in New South Wales at the moment around changing rental laws to ban no-grounds evictions and make it easier for people to stay in their homes long term. There are proposals from other minor parties in other states as well. There is definitely movement going on in many parts of the country in terms of improving rental laws.

CHAIR: Can you explain why Canberra has the CPI plus 10 per cent? Was there any documented research or suggestion as to how they got to that formula?

Dr MacMahon: No, I am not sure why they also have the 10 per cent. I could speculate and say that pressure from real estate lobbies might have meant that they wanted to include a provision that allows a greater increase in rents. I think what we have proposed is quite reasonable. It is in line with what it will cost. It is in line with people's increases in wages as well and makes it much more manageable, but I am not sure of the detail of the decision in the ACT.

CHAIR: Can you talk to us a little bit about the monetary levers that are used across the country and how successful they are to manage supply? If the CPI plus 10 per cent is a monetary lever to manage supply and demand—maybe not—can you talk to the committee about whether some of those rental prices or monetary levers successfully manage the market?

Dr MacMahon: What we have seen is the stock of rental properties not changing significantly with these introductions. It is not like there is a mass exodus of investors from the market, but there also is not necessarily a huge increase in people coming into the market. What it means is that affordability is managed and more people are able to easily access rental properties. As I said before, I think this needs to sit alongside other measures that the government can do around investment in social housing, for example, to increase the stock of social housing. Queensland is facing a quite unique situation at the moment with lots of people moving to Queensland. That is part of why we have this intense competition in the rental market at the moment. As I mentioned, we also have a large number of vacant properties that could be opened up with different tools.

The measures we are proposing will not necessarily have a huge impact on stock. They are very unlikely to reduce availability of rental properties—probably not increase availability either—but do make the situation for tenants much more equal and stable.

CHAIR: Is the vacancy in Brisbane in new builds directly related to price of rent?

Dr MacMahon: No. Our understanding is that this is speculative vacancies where people are able to sit on a property and wait for the price to increase and do not want to go through the burden of renting out a property for that period of time. You can leave a new build pristine and sit on it for a period of time before you sell it on. We know this is going on right around the country, but particularly in areas where there are a lot of new apartments a lot of speculative vacancies are going on. There are a number of different tools that the government could use, or even at the council level, to deal with vacancies—putting on a vacancy levy of some form. That means you are either gathering revenue from that vacancy levy or you are compelling people to open up that property to tenants and they can still wait for the price to go up if they do want to sell.

CHAIR: So you are suggesting that developers and builders are not releasing the apartments to lease or to rent? Rather they are just waiting for the turnover?

Dr MacMahon: Yes, that is right. It is speculation, essentially—waiting for the price to go up.

CHAIR: There is no evidence of that?

Dr MacMahon: There is evidence of that, yes. There are a number of economists who are writing about this, that there is an economic driver as to why you might want to keep your property vacant while you wait for the prices to go up.

CHAIR: Is that a federal government taxation policy?

Dr MacMahon: A vacancy levy could be introduced at the state level. It could be introduced at a city council level as well, because they will have pretty good data on water usage, rates and so on, that they are able to use to determine what properties are and are not vacant, and then introduce a levy on top of that. It is something that could happen at a number of different levels. I think it would be an important tool alongside a bill like this and alongside other measures—investment in social housing and so on.

Mr BENNETT: Maybe we should step in and buy some of those vacant properties as a government.

Dr MacMahon: Why not? Yes.

Mr BENNETT: I have a question about the whole affordability issue. I have been on about the modifications and pets, and the only reason I keep coming back to that is because I do not know how we are going to demystify the problems that are going to come into the market if we do this. With all due respect, I think there will be some spookiness out there about this. What is stopping those landlords from increasing their bond to, in their opinion, offset a possible potential fix-up job at the end of the tenancy, either by pets or modifications? In my mind, I am seeing that could be a reality—an unintended consequence but a consequence all the same.

Dr MacMahon: Sure. There is nothing immediately in this bill that looks at capping the bond that people can charge, so that is a potential outcome. Most tenants get their bond back at the end. Even if there is that little increase, if they are able to get it back then they are able to budget for where they are going next. I think it is also important to note that if this bill was put in place people would be renting long term. It is an acute issue at the moment when people are moving every six months to a year and they need to get their bond back quickly, but if you are in a property for five years it is less of an issue that you have paid this bond up-front to cover any issues that might come up.

Mr BERKMAN: As you have just mentioned now, longer term housing security for renters is one of the objectives that this bill seeks to achieve. Putting an end to no-grounds evictions is a really important part of that. Can you speak to the interplay between ending no-grounds evictions and rent caps? It strikes me that you can end no-grounds evictions, but if it remains within a landlord's power to just hike up the rent without any limits on that then ultimately you can be given a de facto eviction notice just by having your rent increased.

Dr MacMahon: This is a big issue where people are effectively evicted at the end of a lease because the landlord has increased the rent beyond what they are able to afford and they are forced out. We have also heard stories from many people who have just dealt with these rent increases and have really suffered paying rent beyond what they are able to afford. As you mentioned, rent increases can effectively be used as a tool to evict people from their properties. Ending no-grounds evictions is a really fundamental part of ensuring people have safety in their homes. We have heard so many stories about people having to move for no reason at the end of a lease. I have this one story from a young family who said—

My husband and my two children and our dog lived in the premises for five years. We were given two months notice without grounds. The worse thing was explaining to our kids. We had worked hard, paid our rent and we had nowhere to live.

This should not be happening. Families should be able to have that security in their homes going forward. Under these laws, these families would be able to remain safe and secure in their homes and not forced out into the market with thousands of other people. These amendments ensure long-term security for tenants. Lessors are still able to end leases on specific grounds, as I have mentioned, around if they want to move in or their family members are moving in, if they are doing major renovations or if there are major breaches. For tenants, most of whom are keeping a property in good order and paying rent, landlords should have no reason not to renew leases, and this ensures this is the case.

Combined with the caps on rents, it means that increasing the rent cannot be used as a tool to evict people. As you have mentioned, those two things are really important to go together because we could put in these provisions to end no-grounds evictions, but if people are still able to increase the rent significantly, because they want someone out of their property, or they think they can get more money from another tenant, it will function in the same way. If we are trying to ensure people have long-term security in their homes, ending these no-grounds evictions and rent caps really need to go hand in hand.

Mr KRAUSE: Around the issue of bonds and, as I understand it, for rents that are below a certain amount in Queensland at the moment—to match a bond of four weeks, which can be asked for—with the proposal to provide tenants with the additional ability to undertake modifications to properties, as well as additional rights to stay on in a property, to remove no-grounds evictions, arguably there should be some scope to also increase the maximum amount of bond that may be received by an owner of a property. How would you respond to that?

Dr MacMahon: At the moment, there is no limit to how much and how often landlords can increase rent, but there is not a similar practice of asking for more bond at that time, from my understanding. We do not have any tools in place to deal with what is a much more acute situation in terms of the ways in which rent can increase, and bonds maintain the same throughout a period of someone's tenancy, from what I understand. We do not have any provisions in here around capping bonds, so landlords would be making decisions about how much bond they would like to charge when someone moves into their house, perhaps with consideration to some of these other clauses. That is beyond the scope of what we have included in this bill.

Mr KRAUSE: Just a couple of minutes ago you mentioned the concept of a major breach of a tenancy agreement being grounds for an eviction. Do you have any examples of what might be considered a major breach?

Dr MacMahon: These are grounds that already exist under our current system. If people are not paying rent for a period of time, if there is major damage to a property, these are grounds that people can apply to the tribunal for an eviction notice for a tenant. Those existing provisions would continue.

Mr KRAUSE: Maintaining the status quo?

Dr MacMahon: In terms of breaches, yes.

Mr KRAUSE: Unless I am mistaken, I think bonds are already capped under the present law for rentals up to a certain amount, and it sounds as though—the proposition I was trying to get at was in terms of capping of rents at CPI and giving more right to tenants, but I understand the member's position and I have no further questions, Chair, thank you.

CHAIR: Thank you, member. That was my understanding as well, that bonds are already capped. It being 12 pm, we will close the session. There were no questions taken on notice. The broadcast of this briefing will be available on Parliament.TV later today. That concludes this briefing. On behalf of the committee, I would like to thank you, member for South Brisbane, Dr MacMahon, for your attendance today. Thank you to our Hansard reporters. A transcript of these proceedings will be available on the committee's parliamentary webpage in due course. I now declare the public briefing closed.

The committee adjourned at 12.02 pm.